GOVERNMENT OF INDIA
OVERSEAS INDIAN AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1090
ANSWERED ON:02.08.2006
BENEFITS TO NRIS FOR INVESTMENT
Patil Shri Balasaheb Vikhe

Will the Minister of OVERSEAS INDIAN AFFAIRS be pleased to state:

(a) Whether benefits are extended to NRIs for investing in the Non- Governmental Sectors including educational field;

(b) If so, the details thereof;

(c) Whether there is any tax rebate for them; and

(d) If so, the details thereof?

Answer

MINISTER OF OVERSEAS INDIAN AFFAIRS (VAYALAR RAVI)

(a) & (b) Government has put in place a liberal and transparent policy for investment from Non-Resident Indians (NRIs) in non-governmental sectors, wherein most of the sectors including educational field are open to Foreign Direct Investment(FDI) under the automatic route. Under the FDI policy, the facilities available to NRIs are at Annexure-I.

(c) No Sir.

(d) Does not arise. Annexure referred to in reply to Lok Sabha Unstarred Question No. 1090 dated 2.8.2006 regarding benefits to NRIs for investments

1. Non-Resident Indians (NRIs) can invest upto 100% under the automatic route in the Housing and Real Estate Development for the following activities:

Development of serviced plots and construction of built up residential premises;

Investment in real estate covering construction of residential and commercial premises including business centres and offices;

Development of townships;

City and regional level urban infrastructure facilities, including roads and bridges;

Investment in participatory ventures in the above activities;

Investment in housing finance intuitions.

2. NRIs can invest upto 100% in Indian companies engaged in Air Taxi Operation.

(For foreign companies Foreign Direct Investment (FDI) is permitted only up to 49%)

Other facilities for NRI

In addition to the investments under the FDI policy, NRIs can also invest under other schemes under various Foreign Exchange Management Act (FEMA) Regulations in the following activities/sectors:

Mutual Funds.

Investment in PSU Bonds.

Investments up to 100% equity in proprietary/partnership concerns, except in agricultural/plantation activity or real estate business.(Foreign companies are not allowed to invest in partnership firms/proprietary concerns).

Portfolio Investment Schemes: NRIs are permitted to invest in shares and debentures through secondary market purchases from the stock exchanges under the portfolio scheme. Investment limits are 5% and 10% respectively. These limits are over and above the

Foreign Institutional Investors (FII) portfolio investment limits so as to ensure that NRI investments are not crowded out by FIIs.

NRIs can acquire immovable property, other than agricultural land/plantation property/farm house and transfer such property to a resident, another NRI.